

PROGRAM EVALUATION

KENTUCKY'S EARLY RETIREMENT INCENTIVE PLAN COST/BENEFIT STUDY

Research Report No. 249

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KENTUCKY'S EARLY RETIREMENT INCENTIVE PLAN COST/BENEFIT STUDY

**Report of the Legislative
Program Review and Investigations Committee**

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CHAPTER III

THE COSTS AND BENEFITS OF THE EARLY RETIREMENT PROGRAM

This chapter reports the results of the cost/benefit analysis on the Early Retirement Incentive Plan. However, in any study of program costs and benefits, there are limitations to the number of factors which can be built into the model. It is simply not possible to translate certain intangible costs and benefits into dollars and cents or link organizational changes to shifts in personnel. Perhaps, the most important factors left out of our fiscal calculations are the effects of the early retirement program upon agency effectiveness and efficiency. Nevertheless, Program Review staff did attempt to quantify state officials' perceptions of agency performance following the implementation of the early retirement window and to identify salary changes related to direct replacement or transfer of duties.

Operational Impact

In a survey of agency officials conducted by the Program Review staff, 59.4% indicated that "ERIP has had no impact on agency effectiveness." On the other hand, 30.4% supported the position that "ERIP had helped the agency become more effective." The remaining 10.1% of the respondents indicated that "ERIP has helped the agency become less effective."

A majority of the agency officials, 55.9%, endorsed the statement, "ERIP has had no impact on agency efficiency." Slightly more than one third, 35.3% of the respondents, indicated that "ERIP has helped the agency become more efficient." Only 8.8% of those who responded to this question indicated that "ERIP has helped the agency become less efficient."

85.5% of the respondents were either "somewhat satisfied" or "very satisfied" with the impact of ERIP. Only 14.5% indicated that they were either "somewhat dissatisfied" or "very dissatisfied" with the program's impact upon their agencies.

Almost half of the agency heads indicated that loss of essential personnel was an immediate problem confronting their agencies. However, only 15.5% of the officials noted that this was a current problem. While 18.3% of the respondents

checked that the hiring freeze on essential positions had created an immediate problem, just 7% noted that this was currently a problem for their agencies. This pattern of responses suggests that agency heads have either refilled the positions with competent individuals or transferred the responsibilities of these positions to other knowledgeable employees.

The most widely perceived benefit of the ERIP was "greater flexibility in shifting personnel to achieve program results": More than one fourth of the respondents noted that staffing flexibility was a current benefit of the early retirement program. The other major current benefit of the ERIP was the freeing up of essential program money. While 12.7% of the respondents indicated that this was an immediate benefit, 26.8% of the agency heads noted that the savings in program funds was a current benefit of the early retirement program.

Fiscal Impact

The net cost of ERIP to Kentucky state government was \$6.8 million in FY 1989, because each state agency was obligated to pay the service credit costs and accumulated leave and compensatory time for employees who retired early. On the other hand, the state saved approximately \$3.7 million in FY 1989 due to the hiring freeze. Together, ERIP and the hiring freeze cost the state \$3.1 million in FY 1989. Since no service credit or leave costs will be incurred by agencies in FY 1990, the net savings from these programs should increase dramatically to \$34.3 million.

The Program Review staff projects that the ERIP will have generated \$22 million in net savings to the Commonwealth of Kentucky by the end of fiscal year 1990. The hiring freeze imposed along-side the ERIP is expected to save the Commonwealth an additional \$9.2 million. Thus, the combined savings of the ERIP and the hiring freeze should amount to \$31.2 million by the end of the 1990 fiscal year.

CHAPTER IV

THE IMPACT OF EARLY RETIREMENT UPON EMPLOYMENT TRENDS

The implementation of the Kentucky Early Retirement Incentive Plan (ERIP) was intended to reduce the costs of state government through payroll

savings. While ERIP was successful in encouraging relatively large numbers of employees to retire, the size of the state workforce has actually increased in every branch of government since ERIP was implemented.

The highest number of retirements in the past six years occurred in FY 1989, the year in which ERIP was offered to state government employees. During FY 1989, the number of retirees increased by 131.8% over the average retirement for the previous 5 fiscal years. The number of people who chose to participate in ERIP surpassed the projected number of retirees anticipated during the window period. Preliminary projections were that 1,610 employees would participate in the ERIP. The actual number of ERIP retirees was 1,876.

To determine the current status of positions vacated by ERIP retirees, Program Review staff mailed a set of questionnaires to each agency affected by the early retirement program. Agencies reported that 944, almost half of the vacated positions, have been refilled and 760 positions have been eliminated. The duties of 259 eliminated positions were transferred to existing employees, and the responsibilities of 124 eliminated positions were transferred to either new or recently filled vacant positions. The remainder of the eliminated positions were abolished without a specific transfer of duties.

The number of permanent employees decreased during the window, but this segment of the workforce has subsequently increased. The state workforce of permanent employees (full- and part-time) decreased by 965 (2.5%) during the two quarters the window was in effect. Department of Personnel records showed a total number of 38,601 state employees in permanent full-time and permanent part-time categories on July 1, 1988 (the month just prior to the ERIP), compared to 37,636 employees on December 1, 1988 (the month just after the ERIP).

State agencies are continually abolishing and creating personnel positions. Personnel records show that, despite the elimination of 3,295 positions, 4,217 positions have been created since the early retirement window. Thus, the state workforce has experienced a net increase of 922 positions since November 1, 1988.

CHAPTER V

AGENCY AND RETIREE PROBLEMS

This chapter examines some of the problems experienced by agencies and retirees during the implementation of the Early Retirement Incentive Program (ERIP). Problems were identified by open-ended questions on two surveys mailed to agencies and retirees, respectively. Other difficulties arising from the administration of the early retirement program were delineated in a letter from a top official in the Kentucky Retirement Systems (KRS).

Problems Encountered by Agencies

To identify the nature of any problems associated with the implementation of ERIP, the Program Review staff surveyed agency and department officials who had employees retire under the early retirement program. Of the 71 officials who completed the survey, 20 described problems experienced during the implementation of the early retirement program. Thirteen of the twenty officials mentioned budgetary difficulties with the program. The general perception of these respondents was that agencies were not notified of ERIP far enough in advance to allow for costs to be placed in agency budgets. Consequently, several officials reported that it was necessary to hold positions vacant or make cutbacks in operating expenses. Seven of the twenty respondents who answered this question alluded to staffing problems arising from the ERIP. These officials either mentioned the difficulty of coping with a hiring freeze on "essential positions" or reported problems in recruiting competent new employees.

Thirty-four agency officials offered suggestions to improve the implementation of any future early retirement programs. Twenty-one of the respondents suggested improvements in funding. These officials either explicitly stated that agencies should be allowed to place funding for the Early Retirement Incentive Program in the agency budget or implied this by saying that enough advance notice should be given to allow for budget considerations.

Problems Encountered by KRS

To understand the problems encountered by the Kentucky Retirement Systems (KRS) during the implementation of the early retirement program,

Program Review staff asked the Interim General Manager of KRS to draft a letter addressing several key aspects of the program.

KRS experienced some difficulties in billing agencies upon the last day of the month in which the member worked. There were two basic reasons why it was not possible to meet this statutory requirement: the retiree could apply for retirement on the last day of the month; and the employee retained the right to cancel his retirement plans before the first check or September 30. An additional problem was that several agencies initially refused to submit their payments. However, all payments were ultimately received without taking administrative or legal action.

KRS' greatest problem was the vast workload generated by the ERIP. According to the KRS Interim General Manager, "Between April and September, the retirement office received more than 112,000 telephone calls and had more than 5,500 office visitors seeking counseling. This is the equivalent to the entire workload of the previous year." KRS records indicate that employees requested 8,071 estimates on early retirement benefits between April and October. This additional workload occurred during a time when KERS received 11,000 non-ERIP estimate requests.

Problems Encountered by the Retirees

A survey of all early retirees conducted by Program Review staff revealed that only 95 (5.6%) of the 1,711 respondents had any problems with the implementation of the window. These 95 respondents identified a total of 114 individual problems with the retirement process. Five broad categories encompassed the retirees' problems: dealings with uninformed personnel; insurance difficulties; delays in paperwork; a lack of information; and miscellaneous.

Thirty-seven retirees reported that uninformed personnel provided them with erroneous information on: the calculation of service credits; the awarding of pay for annual and compensatory time earned; and the effects of retirement on Social Security benefits, insurance coverage, and taxes. The second broad category of problems, "insurance", resulted in hardships for 22 retirees. These generally involved a lack of understanding or information on health insurance coverage changes. Delays in paperwork accounted for the third type of problems experienced by retirees. Of the twenty-six retirees who had difficulties with the paperwork, thirteen claimed that their benefits were miscalculated and thirteen

stated that the processing of forms was slow. Fifteen respondents reported trouble with a lack of information about ERIP.

In conclusion, few retirees complained about the implementation of ERIP. In view of the high response rate to the survey, it appears that relatively few problems were encountered by retirees during the early retirement window.

CHAPTER VI

CONSIDERATIONS FOR FUTURE EARLY RETIREMENT INCENTIVE PLANS

This chapter outlines objectives and raises questions which are important to estimating the impact of any early retirement proposal.

Objective 1: Determine the make-up of the workforce likely to participate in the proposed plan.

Objective 2: Accurately estimate the proposal's costs and savings beforehand.

Objective 3: Analyze the relationship between the proposed ERIP and other previous ERIPs that affect the same retirement system.

Objective 4: Ensure that the optimum number of eligible employees participate in the proposed plan.

Objective 5: Set up the means to best implement and monitor the proposed plan.

CHAPTER I

INTRODUCTION

In an effort to reduce state expenditures, the 1988 General Assembly passed HB 989, an act which established the Early Retirement Incentive Plan (ERIP). The legislation encouraged eligible workers to elect early retirement by offering state employees a 10% service credit. The Program Review and Investigations Committee approved a proposal to study the costs and benefits of the early retirement program at its November, 1988 meeting.

Objectives

The study, as approved by the Committee, has undertaken five primary objectives:

- to determine how many more employees retired as a result of the ERIP;
- to examine the costs of the ERIP to state government in dollars and lost resources;
- to evaluate the benefits of the ERIP to state government;
- to assess how state agencies compensated for lost resources, expertise and personnel; and
- to identify problems encountered in the implementation of the ERIP that should be considered with any future early retirement plans.

Methodology

The methods used in this study consisted of several components:

- Surveys of all state and local agencies affected by the ERIP, to determine the impact of the ERIP on their operations, and to assess agency plans for dealing with the loss of personnel and resources;
- Surveys of all former employees who retired through the window, to determine the impact of ERIP upon their retirement decisions;
- Information collected from, and with the cooperation of, the Kentucky Retirement Systems (KRS) and the Department of Personnel (DOP);

- Statistical models generated to estimate the short- and long-term costs and benefits of the ERIP;
- Analysis of personnel and vendor records, to determine whether employees were retained after retirement and to evaluate the impact of ERIP upon the size of the state government workforce;

Overview of the Study

The cost/benefit model in this study was based on information gathered in three surveys. The "Retirees Survey" was mailed to all 1,876 retirees. The two major objectives of this survey were to determine whether the ERIP affected employees' decisions to retire and to uncover any problems experienced by retirees during the window. Program Review staff received completed questionnaires from 1,711, or 91%, of those who retired during the window.

The "Retirement Position Status Survey" was sent to agencies in order to gather a variety of data on each retiree, including the retiree's salary, the salary of the retiree's replacement, the status of the vacated position, and whether or not the retiree had been retained by the agency in some capacity. Program Review staff received completed questionnaires for every position vacated during the early retirement window.

In the "Agency Impact Survey" agency heads were asked to identify the problems and benefits associated with ERIP. In addition, the questionnaire attempted to measure agency officials' satisfaction with the early retirement program, as well as their perceptions of the ERIPs impact upon agency efficiency and productivity. Of the 87 questionnaires mailed to top agency officials, 71 completed forms were returned. Information was requested concerning the estimated costs and savings to the agency. However, due to the lack of a standard method for calculating these impacts, this information was not usable.

There are some limitations to our cost/benefit model. First, our analysis depends upon data reported from retirees and agency officials. Such data may vary in reliability. Second, costs due to refilling positions are not assessed completely, due to the difficulty in identifying all the hiring and promoting that occur when one position is vacated. Third, our study is unable to assess the fiscal impact of the ERIP upon agency effectiveness and efficiency.

Organization of the Report

Chapter II briefly describes the ERIP and outlines the administrative processes and costs involved in its implementation. Chapter III analyzes the effects of the ERIP in terms of its costs and savings to state government. Chapter IV examines the impact of the ERIP upon the state government workforce. Chapter V focuses upon the problems encountered by the individual agencies, the retirees, and the KRS. This chapter concludes with a discussion of future considerations in the event that another ERIP is implemented.

CHAPTER II

THE EARLY RETIREMENT INCENTIVE PLAN

House Bill 989, adopted by the 1988 General Assembly, offered state workers the Early Retirement Incentive Plan (ERIP). The cornerstone of the retirement plan was the offer of a ten percent service credit to early retirees. According to KRS 61.596 (7), the purpose of this legislation was "to bring expenditures in line with general fund revenues" and "to encourage those employees nearing retirement to elect retirement as a voluntary service to the Commonwealth."

Description

Two state retirement systems were affected by the ERIP: the Kentucky Employees Retirement Systems (KERS) and the State Police Retirement System (SPRS). To be eligible for the 10% service credit, employees participating in one of these systems must have been hired on or before January 1, 1988. In addition, employees of a parted employer hired on or before January 1, 1988, who met the service requirements delineated in KRS 61.596 were also eligible for the 10% service credit. Employees who elected to participate in the ERIP had to retire during an early retirement "window," between August 1, 1988 and November 1, 1988.

The guidelines for determining the service credit bonus are set forth in KRS 61.596. Service credit is calculated on the basis of actual and purchased years of service, prior to the addition of sick leave credit. This additional service credit is used to determine the retiree's monthly retirement allowance. However, the service credit is not applied toward the eligibility calculation for medical insurance or the assessment of an early retirement penalty. KRS 61.596 (5) also specifies the provisions under which retirees shall forfeit their service credit. Retirees who become re-employed by a participating agency shall lose their service credit if they earn more than the Federal Social Security Act maximum for a retired person within a period of time equal to the amount of additional service received.

The costs of the early retirement system were paid by the agency or departments from which the retiree terminated his employment. Two major costs were assumed by the agencies when an employee retired under the plan. First, agencies were responsible for paying the accumulated leave and compensatory time of their retirees. According to data provided by the Department of Personnel (DOP), state agencies expended \$9,562,876 for accumulated leave payments. Second,

agencies were required to pay the additional service credit offered to former employees under the ERIP. The agencies were responsible for submitting payments for the cost of such service either upon the last day of the month in which the member terminated or in two installments. If the agency chose to bear the cost in two installments, the agency was required to pay an amount equal to 50.481% of the total cost upon the member's termination date and pay the same amount again within ninety days of that date. According to Kentucky Retirement Systems (KRS), agencies paid \$20,599,467 for the retirees who participated in the ERIP.

Administrative Requirements

HB 989 required KRS to contact all eligible employees by May 1, 1988, and to send personalized letters to each of the employees. These letters outlined the provisions of the ERIP and offered an estimate of the basic monthly benefit as of the earliest date retirement could occur under the ERIP. In addition, the letter specified dates of meetings where further information about the window could be obtained. Retirement offices held twelve seminars throughout the state between June 1, 1988 and July 31, 1988. The provisions of the ERIP were further described in the May 1988 KERS newsletter mailed to the home addresses of all members. Members were requested to contact the retirement office if they had not received a personalized letter but still believed they might be eligible for early retirement.

The ERIP legislation required eligible employees who chose early retirement to apply between July 15th and September 30th, 1988. Employees were required to notify their employers of their intent to retire, and the employers were responsible for notifying the DOP. To take part in the window, employees were required to complete a "Window Retirement Notification" form designed especially for ERIP retirements. Employees had the option of seeing a benefits counselor at the KRS office, where forms could be completed, or completing retirement transactions through the mail. According to KRS staff, most employees called to request "several" estimates on their benefits. Employees could change their decision to retire up to September 30 or until the first retirement check had been drawn.

CHAPTER III

THE COSTS AND BENEFITS OF THE EARLY RETIREMENT PROGRAM

This chapter reports the results of the cost/benefit analysis on the Early Retirement Incentive Plan (ERIP). First, limitations of the cost/benefit model are discussed, and perceived problems and benefits of the ERIP are presented. Next, costs and benefits are analyzed for state government as a whole. The final section examines the ERIPs costs and benefits separately for each branch of government.

Limitations

In any study of program costs and benefits, there are limitations to the number of factors which can be built into the model. It is simply not possible to translate certain intangible costs and benefits into dollars and cents. For instance, the loss of disposable income to retired employees should result in a loss of sales tax revenue to the state. Similarly, a reduction in government employees should mean a savings in office space and supplies. The actual costs and savings associated with these outcomes, however, are almost impossible to assess.

Operational Impact

Perhaps, the most important factors left out of our fiscal calculations are the effects of the early retirement program upon agency effectiveness and efficiency. Nevertheless, Program Review staff did attempt to quantify state officials' perceptions of agency performance following the implementation of the early retirement window.

ERIP Viewed as Having Some Impact Upon Agency Effectiveness

In a survey of agency officials conducted by the Program Review staff, 59.4% indicated that "ERIP has had no impact on agency effectiveness." On the other hand, 30.4% supported the position that "ERIP had helped the agency become more effective." The remaining 10.1% of the respondents indicated that "ERIP has helped the agency become less effective."

ERIP Perceived as Having Some Impact Upon Agency Efficiency

A majority of the agency officials, 55.9%, endorsed the statement, "ERIP has had no impact on agency efficiency." Slightly more than one third, 35.3% of the respondents, indicated that "ERIP has helped the agency become more efficient."

Only 8.8% of those who responded to this question indicated that “ERIP has helped the agency become less efficient.”

Agency Officials Moderately Satisfied with the Effects of ERIP

Agency officials were asked to indicate on a four-point scale their degree of satisfaction with the impact of the ERIP upon their agencies. 85.5% of the respondents were either “somewhat satisfied” or “very satisfied” with the impact of ERIP. Only 14.5% indicated that they were either “somewhat dissatisfied” or “very dissatisfied” with the program’s impact upon their agencies.

Perceived Problems Have Declined While Perceived Benefits Have Increased

To identify the perceived problems and benefits of the ERIP, agency officials were presented with a list of six problems and six benefits which may have been experienced by their agencies. Respondents were first asked whether these problems or benefits were experienced immediately (within six months of the plan’s implementation). The agency heads were also asked to check whether their agencies were currently experiencing any of these problems or benefits. Table 3.1 lists the percentages of officials who indicated that a particular problem or benefit was experienced by their agency.

With the exception of the category marked “other problem,” the responses of agency heads revealed a significantly greater number of “immediate problems” than “current problems.” This suggests that many of the problems associated with the implementation of the ERIP have been resolved. On the other hand, survey results suggest that the benefits of the ERIP are just beginning to become apparent. With one exception the agency officials reported a greater percentage of current benefits than immediate benefits.

TABLE 3.1

**Perceived Problems and Benefits of
the Early Retirement Incentive Plan**

Immediate Problem	Current Problem	
18.3%	7.0%	placed a freeze on hiring for essential positions.
14.1%	9.9%	created a difficulty in finding competent replacements.
14.1%	7.0%	reduced ability to provide public with adequate services.
47.9%	15.5%	resulted in a loss of individuals with essential skills or important program knowledge.
9.9%	5.6%	resulted in a loss of essential program money.
2.8%	4.2%	other.
Immediate Benefit	Current Benefit	
19.7%	8.5%	eliminated non-productive employees.
12.7%	14.1%	eliminated non-essential positions.
22.5%	28.2%	provided greater flexibility in shifting personnel to achieve program results.
5.6%	7.0%	reduced the need to lay-off personnel.
12.7%	26.8%	freed up essential program money.
4.2%	9.9%	other.

Note: Problems and benefits were considered to be "immediate" if they were experienced within six months of the plan's implementation.

Source: Survey of 71 agency officials conducted by the Program Review and Investigations Committee Staff.

Loss of essential skills and program knowledge were seen as the biggest immediate problems resulting from the ERIP. Almost half of the agency heads indicated that loss of essential personnel was an immediate problem confronting

their agencies. However, only 15.5% of the officials noted that this was a current problem. While 18.3% of the respondents checked that the hiring freeze on essential positions had created an immediate problem, just 7% noted that this was currently a problem for their agencies. This pattern of responses suggests that agency heads have either refilled the positions with competent individuals or transferred the responsibilities of these positions to other knowledgeable employees. This interpretation is supported by the fact that only 9.9% of the respondents noted that replacing competent employees is still a problem confronting their agencies.

Greater staffing flexibility, program savings, and elimination of non-productive personnel were seen as the most immediate benefits of the ERIP. The most widely perceived benefit of the ERIP was “greater flexibility in shifting personnel to achieve program results”: More than one fourth of the respondents noted that staffing flexibility was a current benefit of the early retirement program. Another major current benefit of the ERIP was the “freeing up” of essential program money. While 12.7% of the respondents indicated that this was an immediate benefit, 26.8% of the agency heads noted that the savings in program funds was a current benefit of the early retirement program. This pattern of responses is interpretable in light of the fact that agencies paid for the service credits of their retirees during the initial implementation of ERIP and are just beginning to realize some salary savings. Finally, almost 20% of the agency heads also indicated that the elimination of non-productive employees was a benefit. This effect, however, has decreased over time.

Fiscal Impact

The cost/benefit model in this study was based on data gathered in three surveys conducted by the Program Review staff. The “Retirees” survey was sent to each person who retired during the early retirement window. The purposes of this survey were to determine whether the ERIP affected employees’ decisions to retire, and to uncover any problems experienced by the retirees during the window. The “Retirement Position Status” survey was mailed to agencies in order to gather various data on each vacated position, including the retiree’s salary, the salary of the retiree’s replacement, the status of the vacated position, and whether the retiree had been retained by the agency in some capacity. The “Agency Impact” survey was sent to agency officials in an effort to identify intangible costs and benefits associated with the ERIP and to assess the impact of the ERIP upon agency performance.

When the ERIP was implemented, the Governor combined it with a hiring freeze for all vacated positions. Therefore, the following analysis attempts to distinguish the costs and benefits of the ERIP from the results of the hiring freeze or delayed refilling. While the ERIP has brought about salary savings, as well as leave and compensatory savings in FY 1990, the plan has also incurred service credit costs, leave and compensatory costs in FY 1989, costs associated with prolonging careers and refilling positions and tax revenue losses. Salary savings from the ERIP occur as a result of state employees retiring early. The point at which these ERIP participants would have originally retired marks the end of any salary savings due to ERIP. Salary savings due to a hiring freeze or postponed refilling result when the position vacated by the ERIP participant remains unfilled beyond the point at which the individual had originally planned to retire. Therefore, the Governor's hiring freeze and other agencies' actions to postpone refilling generate their own salary savings minus any costs associated with refilling positions.

ERIP is Projected to Save \$22 Million By the End of FY '90

Table 3.2 lists the net savings due to the ERIP and the accompanying freeze on hiring. The net cost of ERIP to Kentucky state government was \$6.8 million in FY 1989, because each state agency was obligated to pay the service credit costs and accumulated leave and compensatory time for employees who retired early. On the other hand, the state saved approximately \$3.7 million in FY 1989 due to the hiring freeze. Together, the state incurred net costs of \$3.1 million in FY 1989. Since no service credit nor leave costs will be incurred by agencies in FY 1990, the net savings should increase dramatically to \$34.3 million.

The Program Review staff projects that the ERIP will have generated \$22 million in net savings to the Commonwealth of Kentucky by the end of fiscal year 1990. The hiring freeze accompanying the ERIP is expected to save the Commonwealth an additional \$9.2 million. Thus, the combined savings of the ERIP and the hiring freeze should amount to \$31.2 million by the end of the 1990 fiscal year.

TABLE 3.2

**Net Savings Due to the ERIP
and Accompanying Hiring Freeze
(in Millions)**

	FY 89	FY 90	TOTAL
ERIP	\$ -6.8	\$ 28.8	\$ 22.0
HIRING FREEZE	3.7	5.5	9.2
TOTAL	\$ -3.1	\$ 34.3	\$ 31.2

SOURCE: Program Review and Investigation's Cost/Benefit Analysis

To arrive at the net-savings figures above, costs and benefits were calculated as itemized below in Table 3.3.

TABLE 3.3
Measurable Costs and Benefits Due to ERIP
and Accompanying Hiring Freeze
(in Millions)

BENEFITS	FY 89	FY 90
Salary savings from ERIP	\$31.7	\$40.7
Salary savings from hiring freeze.	5.7	10.5
Leave and compensatory savings	-0-	2.1
TOTAL BENEFITS	\$37.4	\$53.3
COSTS		
Service credit costs	\$20.5	\$-0-
Leave and compensatory costs	7.7	-0-
Refilling costs due to ERIP	8.0	13.0
Refilling costs due to hiring freeze	2.0	5.0
Costs from prolonging careers	1.6	-0-
Net revenue loss	0.7	1.0
TOTAL COSTS	\$40.5	\$19.0

SOURCE: Program Review and Investigation's Cost/Benefit Analysis

Salary savings from ERIP. State agencies saved money on employees' salaries for as many months as these employees would have otherwise remained in the state workforce. Surveys conducted by the Program Review staff reveal that the average early retiree would have continued to draw a salary another 22 months, if ERIP had not been offered. Agencies with early retirees also saved money each month on those employees' retirement contributions, health and life insurance premiums, and workers' compensation premiums. In calculating salary savings, salary figures are adjusted upwards 5 percent in FY 1990 to reflect the employees' pay raises. The ERIP saved the state government \$31.7 million in salaries and benefits in FY 1989 and \$40.7 million in FY 1990.

Salary savings from hiring freeze. Governor Wilkinson froze all executive positions under his control, including those positions relinquished by the ERIP participants. Therefore, agencies were able to save additional money on salaries and benefits. For FY 1989, the hiring freeze generated \$5.7 million in salary and benefit savings. Savings increased to \$10.5 million in FY 1990.

Leave and compensatory savings. Since the ERIP prompted more employees to retire in FY 1989, most agencies were forced to pay greater amounts of leave and compensation costs in FY 1989, but saved some of these costs in FY 1990. However, since fewer employees retired during the year, most agencies saved some compensation costs in FY 1990. Leave and compensatory savings totalled \$2.1 million in FY 1990.

Service credit costs. Every agency with employees participating in the ERIP was obligated to pay for their service credits to the Kentucky Retirement Systems (KRS) by March, 1989. These service credit costs are a "one-time cost" realized in FY 1989. To arrive at the \$20.5 million, we summed the actuary's service credit cost figures for each of the 1,876 retirees.

Leave and compensatory costs. State agencies incurred additional leave and compensation costs during FY 1989, because a greater than normal number of employees retired in FY 1989, due to the ERIP. These retirees were still entitled to compensation for their accumulated leave and compensatory time. In our calculations of annual leave and compensatory costs, we omitted payments to those employees who would have retired during FY 1989, regardless of the ERIP. The net costs associated with annual leave and compensatory time total \$7.7 million for FY '89. These retirees represented no additional leave costs for an agency.

Furthermore, no leave costs were calculated for FY 1990, because state agencies had fewer than the expected number of retirees in FY 1990.

Refilling costs due to ERIP. Salary and benefit savings are offset whenever state agencies either rehire the retiree, hire somebody new to assume the retiree's responsibilities, or give their employees higher salaries to assume the retiree's responsibilities.

To obtain the costs associated with refilling vacant positions, we surveyed agency officials on the disposition of all 1,876 positions vacated by the early retirees. From this survey, Program Review staff first identified the early retirees retained by the agencies and estimated the costs of rehiring these retirees. The survey also identified which positions had been refilled with new hires and costs in terms of salary and benefits. On average, the monthly salary of a new hire is 23.7% less than the retiree's former salary. Therefore, in cases where positions had not been refilled by January, 1990, we assumed that these positions would later be refilled at a salary 23.7% lower than the retirees' anticipated monthly salaries for FY 1990. For employees who assumed the responsibilities of the retirees, subsequent salary increases were regarded as additional refilling costs.

Since Program Review first reported its results on the fiscal impact of the state's ERIP, efforts have been made to obtain better estimates on refilling costs attributable to both the ERIP and the accompanying hiring freeze. Our initial calculations ignored some of the refilling costs associated with the inevitable shifting of personnel within an agency. For instance, when a person retires from the Kentucky State Police, his responsibilities are usually transferred to an existing employee. Then, another employee assumes the responsibilities of the person who replaced the retiree, and so on down the line. After all the shifting takes place, a new person is ultimately hired at the lowest level. This "ripple effect" is often impossible to evaluate completely, and the costs associated with hiring this new person may never be fully realized.

Our initial estimates of refilling costs were probably low, since we did not calculate the salary increases given to some of the individuals who moved up the organizational ladder. Similarly, we did not identify all the new employees hired as an indirect result of refilling the early retirees' positions. Program Review staff have subsequently uncovered as many of these hidden refilling costs as possible. Out of 1,876 positions vacated by early retirees, we identified 1,027 where these hidden costs could exist. To arrive at 1,027, we disregarded those cases where the

early retirees' positions were either eliminated with no transfer of responsibilities or where the positions were immediately refilled with new hires.

Hidden refilling costs were calculated for each targeted position in most state agencies. However, given the time constraints, Program Review staff conducted a systematic sample of vacated positions in the three largest state agencies: Cabinet for Human Resources, Department of Transportation, and State Police. When all the refilling costs were finally compiled, salary savings were reduced by \$8 million for FY 1989 and by \$13 million for FY 1990. The sampling errors for the refilling costs due to ERIP were plus or minus \$0.2 million for FY 1989 and plus or minus \$0.4 million for FY 1990.

Refilling costs due to hiring freeze. As was the case with the ERIP, salary savings due to the hiring freeze were reduced whenever a vacated position was refilled. Refilling costs equaled \$2 million in FY 1989 and are projected at \$5 million in FY 1990. The sampling error for these refilling costs was plus or minus \$0.2 million for each fiscal year.

Costs from prolonging careers. In many instances, the ERIP encouraged employees to continue working past their original dates of retirement in order to reach the ERIP window and receive their 10% service credit. These individuals were identified and the additional costs incurred by the agencies were calculated for the additional months they worked beyond their planned retirement date. For FY 1989, these costs totalled \$1.6 million.

Net revenue loss. The ERIP causes the Commonwealth of Kentucky to lose some income tax revenue, because most of the ERIP participants stop earning taxable income at a relatively early age. According to estimates provided by the Appropriations and Revenue Committee, the Commonwealth loses 3 percent of these employees' monthly salaries for every month that the ERIP compelled them to retire early. Conversely, some individuals, who delayed their retirement to participate in the ERIP, provide additional income tax revenue equivalent to 3% of their monthly salary for each month that the ERIP extended their employment with the state. When both revenue loss and gain are added together, the result is a net loss of \$0.7 million for the Commonwealth in FY 1989 and \$1 million in FY 1990.

Savings Were Generated for Most Branches of Government

Table 3.4 presents the net savings for each branch of government due to the ERIP. Because it had the greatest number of employees participating, the executive branch saved the most money. For FY 1989 and FY 1990, the entire executive branch saved \$21.5 million. Universities, health departments, and mental health boards also received savings from the ERIP, amounting to \$0.3 million. Over both fiscal years, the judicial branch saved \$0.3 million, while the legislative branch lost \$0.1 million.

Table 3.5 delineates the savings to each branch of government due to the hiring freeze. The executive branch saved \$8.1 million over FY 1989 and FY 1990. Universities, health departments, and mental health boards were able to save \$0.7 million during this same period. For FY 1989 and FY 1990, the savings to the judicial and legislative branches totaled \$0.3 million and \$0.1 million, respectively.

TABLE 3.4
Net-Savings to Branches of Government Due to
the ERIP
(in Millions)

	FY 89	FY 90	TOTAL
EXECUTIVE			
Constitutional	\$-0.2	\$ 1.0	\$ 0.8
Non-Constitutional	-6.3	27.0	20.7
LEGISLATIVE	-0.1	-0-	-0.1
JUDICIAL	-0-	0.3	0.3
OTHER*	-0.2	0.5	0.3
TOTAL	\$-6.8	\$28.8	\$22.0

* Includes Health Districts, MHMR Boards and Universities.

SOURCE: Program Review and Investigations Cost/Benefit Analysis

TABLE 3.5**Net-Savings Due to the Hiring Freeze
(in Millions)**

	FY 89	FY 90	TOTAL
EXECUTIVE			
Constitutional	\$0.1	\$0.3	\$0.4
Non-Constitutional	3.3	4.4	7.7
LEGISLATIVE	-0-	0.1	0.1
JUDICIAL	0.1	0.2	0.3
OTHER*	0.2	0.5	0.7
TOTAL	\$3.7	\$5.5	\$9.2

* Includes Health Districts, MHMR Boards and Universities.

SOURCE: Program Review and Investigations Cost/Benefit Analysis

CHAPTER IV

THE IMPACT OF EARLY RETIREMENT UPON EMPLOYMENT TRENDS

In both the public and private sectors, the purpose of an early retirement incentive plan is to decrease the size of the workforce and thus reduce costs through payroll savings. The implementation of the Kentucky Early Retirement Incentive Plan (ERIP) was intended to serve the same purpose. While ERIP was successful in encouraging relatively large numbers of employees to retire, the size of the state workforce has actually increased in every branch of government since ERIP was offered. In this chapter the number of employees who retired through the window is analyzed within the context of historical retirement trends. The size of the state government workforce is charted before and after ERIP, and the number of positions abolished and established is examined.

Number of Retirements Increased Due to ERIP

The highest number of retirements in the past six years occurred in FY 1989, the year in which ERIP was offered to state government employees. During FY 1989, the number of retirees increased by 131.8% over the average retirement for the previous 5 fiscal years. Figure 4.1 depicts the number of state employees who retired during each quarter of the past 6 fiscal years. The three-month window took place over the course of the first and second quarters of FY 1989. A total of 2,067 employees retired during the first two quarters of FY 1989, compared with an average of 525.6 employees during the first two quarters of the previous 5 fiscal years.

The number of people who chose to participate in ERIP surpassed the number of retirees projected during the window period. Preliminary projections were that 1,610 employees would participate in the ERIP. The total number of retirees was 1,876, or 15% more retirements than the projected number. Of the 1,876 employees who retired through the window, 1,749 were state employees and 127 were non-state employees who were eligible for the ERIP. The median number of years served by the retirees was 25. Figure 4.2 is a frequency distribution of the early retirees' total years of service.

To determine whether ERIP actually affected employees' decisions to retire, Program Review staff mailed a brief questionnaire to all 1,876 retirees. The Program

Review staff received 1,711 (91.2%) completed questionnaires. Survey results showed that: 8.9% of the respondents reported plans to retire prior to the implementation of the window; 24.2% indicated that they planned to retire during the window; and 66.9% claimed they expected to retire after the window. Figure 4.3 is a frequency distribution of the retirees' planned dates of retirement by fiscal year.

FIGURE 4.1 - State Retirees by Quarter

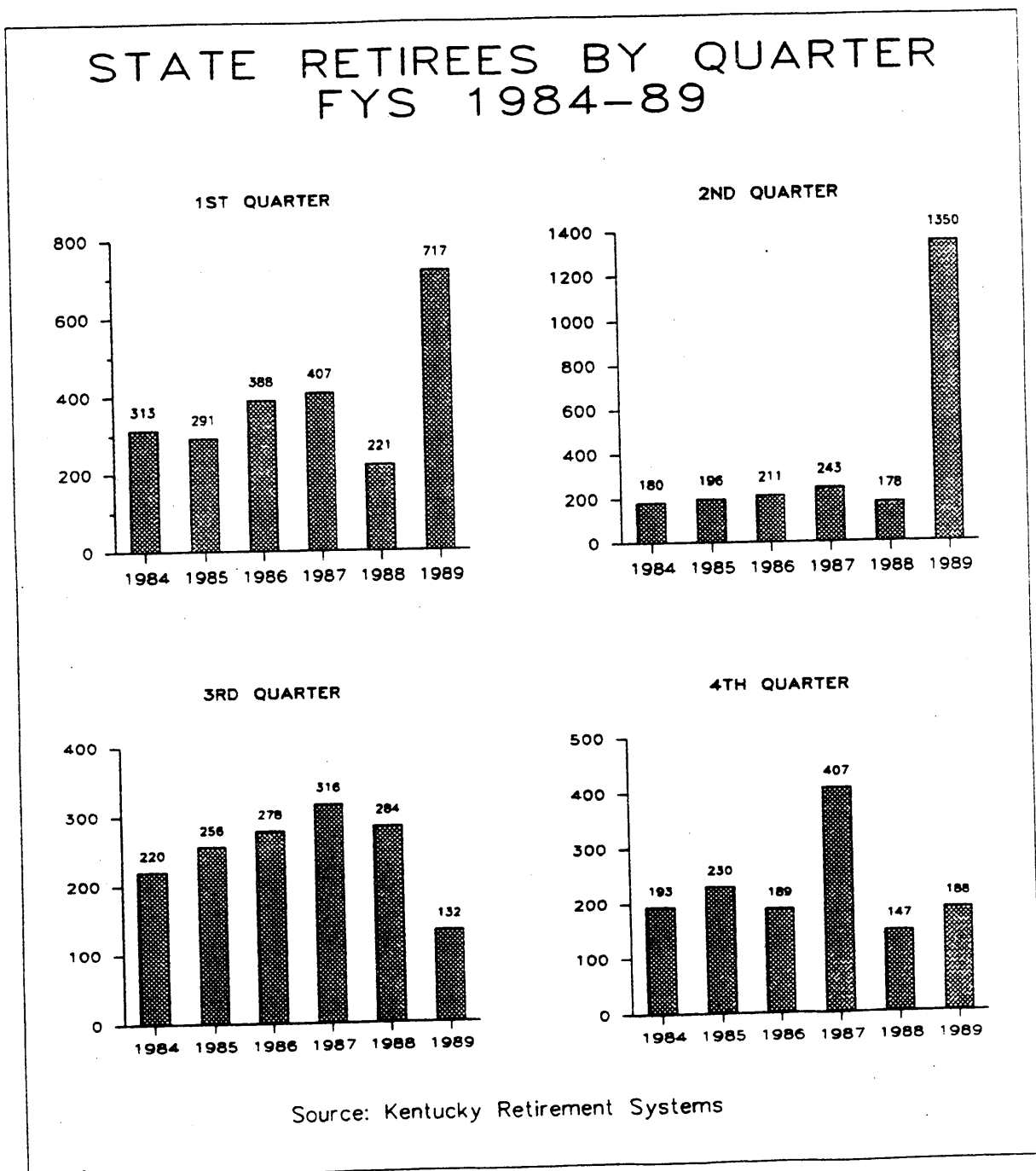


FIGURE 4.2 - Early Retirees' Total Years of Service

EARLY RETIREES' TOTAL YEARS OF SERVICE

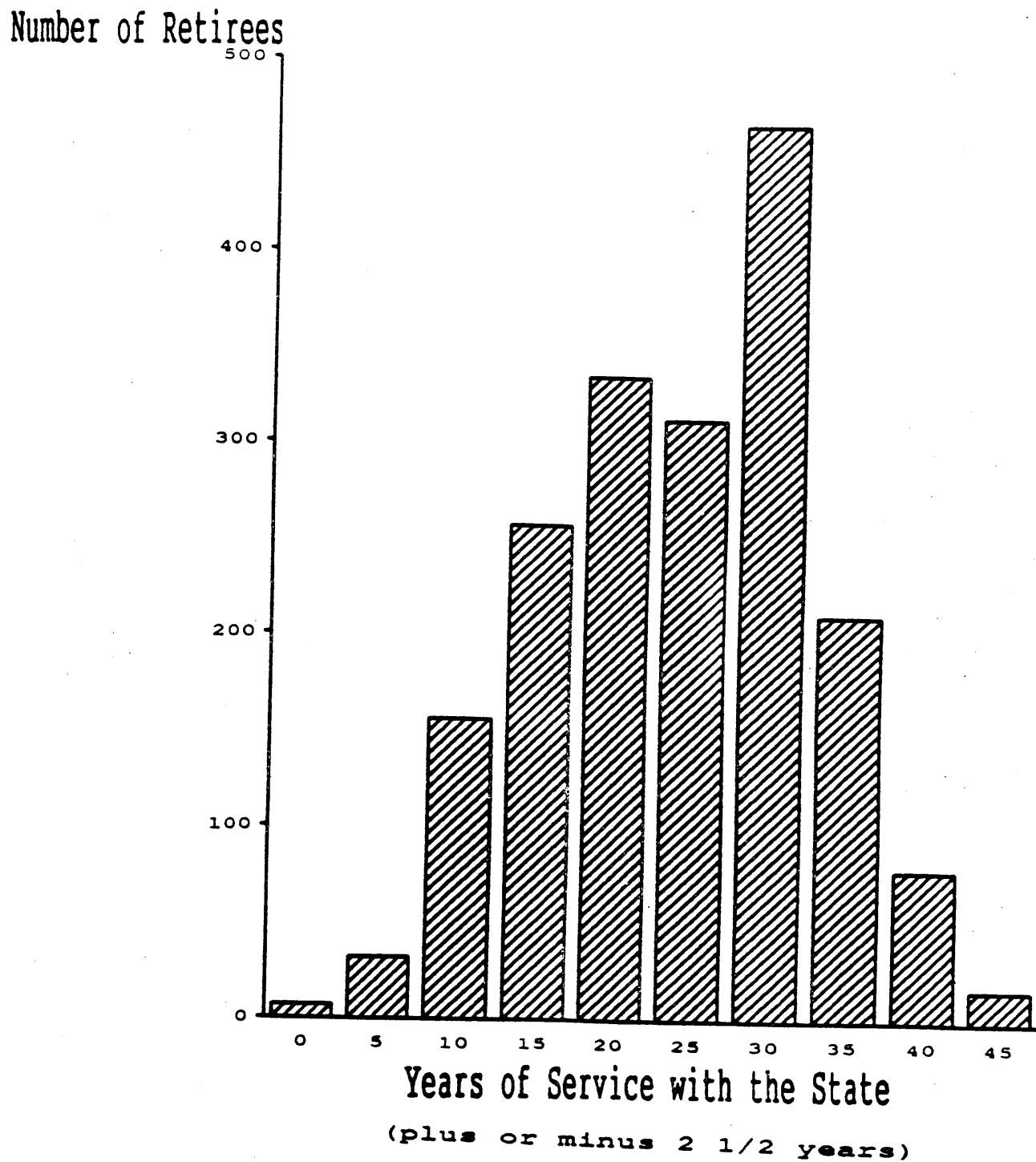
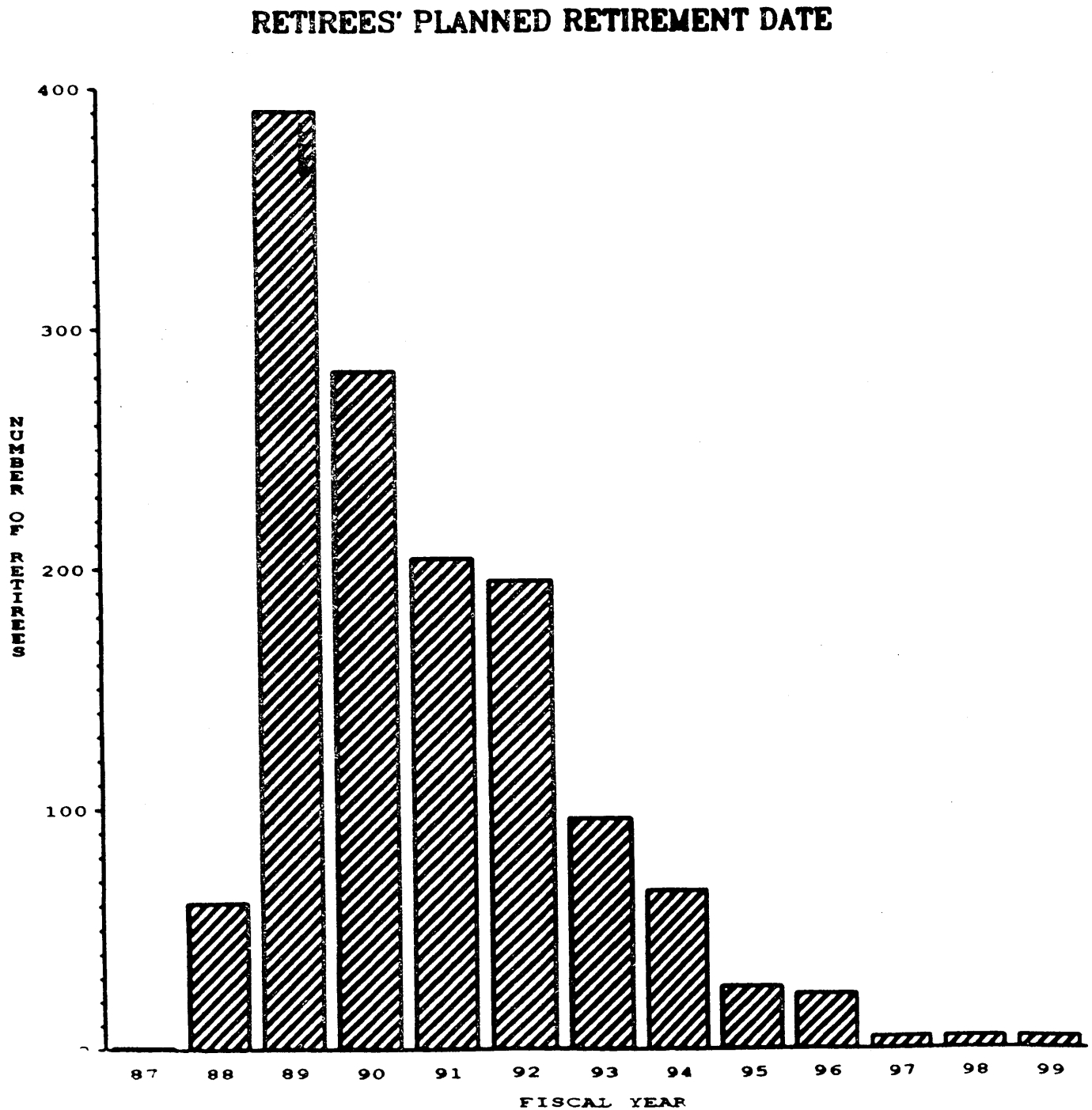


FIGURE 4.3 - Retirees' Planned Retirement Date



Few observations have been removed at both ends

Current Status of ERIP Retirees and Their Positions

To determine the current status of positions vacated by ERIP retirees, Program Review staff mailed position questionnaires to each agency affected by the early retirement program. Agency officials were asked to complete a separate questionnaire for the position of each person who retired from that agency. Program Review staff received a 100% response from the agencies.

Half of Vacated Positions Were Refilled, 41% Eliminated

Table 4.1 categorizes the status of 1,851 of the vacated positions, as of September 1989. Agencies reported that 944, almost half of the vacated positions, have been refilled and 760 positions have been eliminated. The duties of 259 eliminated positions were transferred to existing employees, and the responsibilities of 124 eliminated positions were transferred to either new or recently filled positions. The remainder of the eliminated positions were abolished without a specific transfer of duties. Program Review's information on the number of eliminated positions is generally consistent with data collected by the Governor's Office for Program Administration. The Governor's Office reported that 746 of the positions vacated by retirees have been eliminated.

TABLE 4.1

Status of Positions Vacated by Early Retirees

STATUS OF POSITION	NUMBER	PERCENTAGE
Frozen Indefinitely	3	.16%
Vacant (actively recruiting)	74	4.00
Vacant (no active recruitment)	70	3.78
Eliminated (no transfer of duties)	377	20.37
Eliminated (duties transferred)	259	13.99
Eliminated (duties assumed by other)	124	6.70
Refilled	944	51.00
	1851	100.00%

Source: Program Review and Investigations Survey of Agency Officials

Half of Refilled Positions Achieved by Promotion, 30% by New Hires

Table 4.2 provides a break-down of how the 944 positions were eventually refilled. Inspection of Table 4.2 reveals that 479 positions were refilled by promoting individuals within the agency. Table 4.2 also shows that 286 positions were refilled by new hires, and 148 positions were refilled through internal transfers. Only 29 positions were refilled with personnel from other state government agencies.

TABLE 4.2

How Early Retirees' Positions Were Refilled

MANNER IN WHICH JOB WAS REFILLED	NUMBER	PERCENTAGE
Internal transfer	148	15.68%
Internal promotion	479	50.74
Transfer from other agency	29	3.07
New hire	286	30.30
Contract	2	.21
	944	100.00%

Source: Program Review and Investigations Survey of Agency Officials

Just Over One Hundred Retirees Have Been Retained

Table 4.3 classifies the employment status of the 101 retirees who were retained in some capacity by their agencies after retirement. Program Review survey results show that 57 of these retirees were retained as hourly employees, 3 were employed as part-time salaried individuals, and 5 were awarded personal service contracts. The 41 remaining retirees were retained in most instances on an "on call" or "as needed" basis. A more recent inquiry into the employment status of retirees identified an additional 22 retirees who have been retained by a state agency since their retirement.

TABLE 4.3**Retention of Early Retirees by State Agencies**

MODE OF RETENTION	NUMBER	PERCENTAGE
Part-time salaried	3	2.83%
Personal service contract	5	4.72
Employed on hourly basis	57	53.77
Other form of retention*	41	38.68
	106	100.00%

*Agencies primarily indicated that retirees were retained on an "on call" or "as needed" basis.

Source: Program Review and Investigations Survey of Agency Officials

Current Status of the State Government Workforce

The ERIP had the immediate effect of reducing the overall number of state employees. However, the reduction in the state workforce was temporary and not wholly due to the window. This section discusses the impact of the window on employment numbers and the trends of state employment over the last three years.

Total State Employment Has Risen 5.6% Since 1986

The size of the state workforce has increased in all branches of the government and in nearly every category of employment since January 1986. As shown in figure 4.2, the size of the workforce increased by a total of 5,963 employees between January 1, 1986 and September 1, 1989. During the window period state employment decreased by 687 employees. However, between July 1, 1988, and September 1, 1989, the workforce grew by 1,384 employees, or 2.9%. These figures include personnel in all employment categories: permanent full-time, permanent full-time vacant, permanent part-time, temporary full-time, temporary part-time, seasonal full-time, seasonal part-time, emergency, and federally funded positions.

Merit and Non-Merit positions showed a similar increase (Figure 4.3). Data showing the number of positions from the Executive and Legislative Branches reveal

an increase of Merit, Permanent Non-Merit, and Other Non-merit classifications. Other Non-Merit positions include Cabinet Secretaries, Commissioners, Chairpersons of Boards and Commissions, and employees who are non-merit and not permanent. As can be seen in Figure 4.3, the Other Non-Merit classification shows the highest increase, with 3,133 more employees in September 1989 than in January 1986.

FIGURE 4.4 - Total Number of Positions

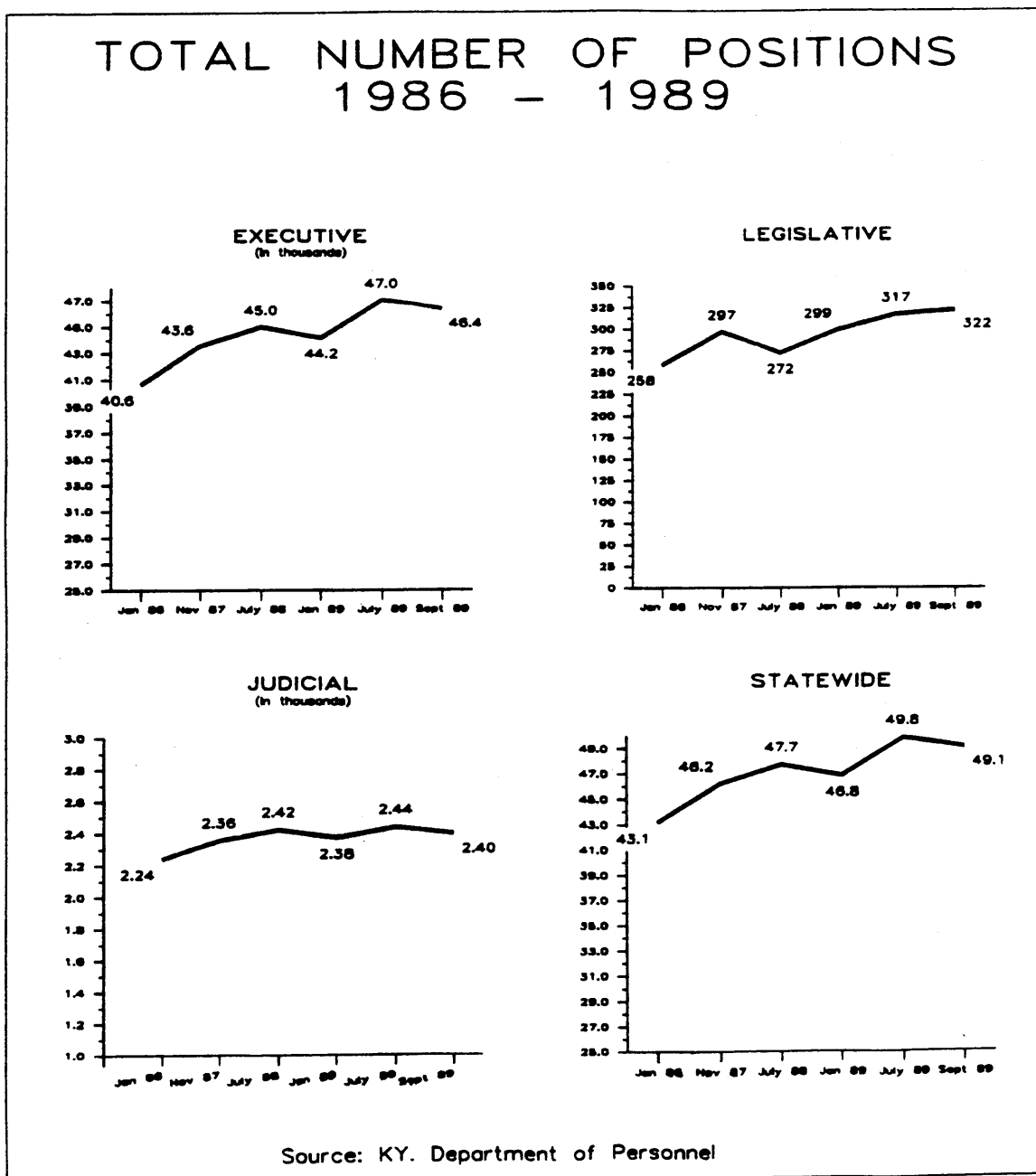
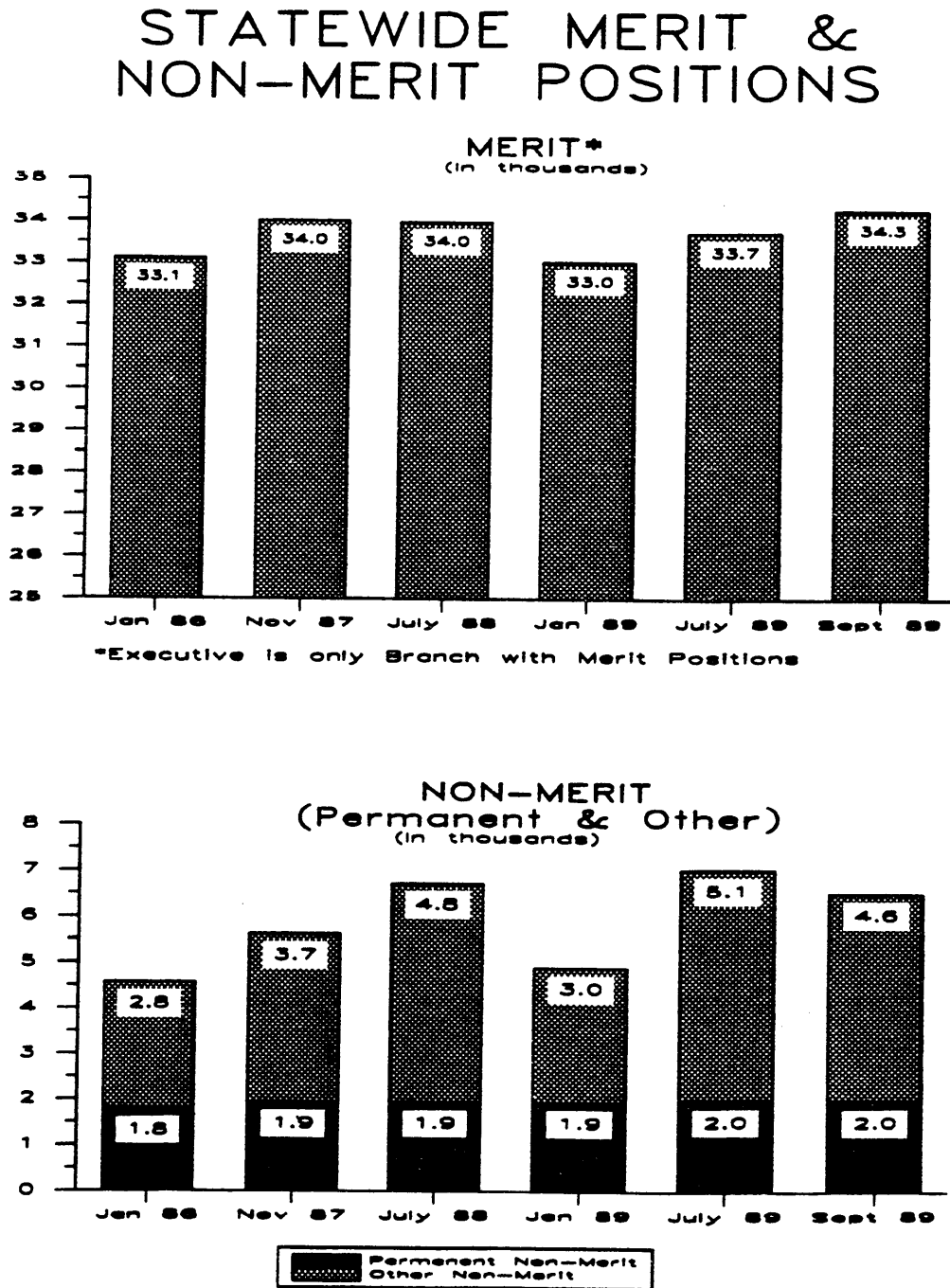


FIGURE 4.5 - Statewide Merit & Non-Merit Positions



Source: KY. Department of Personnel

Permanent Employment Increased 4.2% Since FY 1986

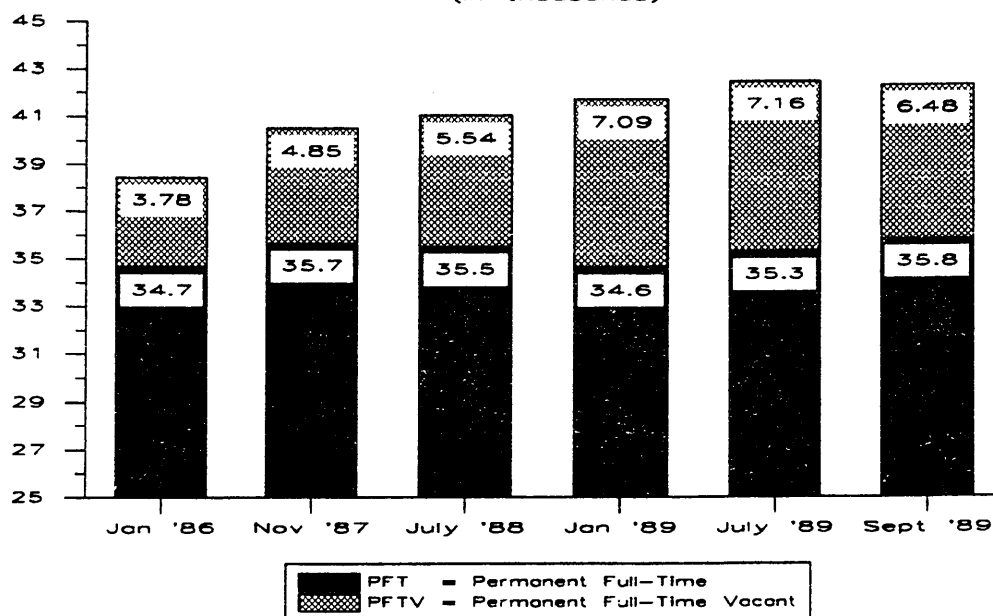
Compared to figures which include only permanent categories, the inclusion of all employment categories shows more fluctuation, due to the seasonal and temporary status of many government positions. From January 1, 1986, to September 1, 1989, the number of permanent full-time and permanent part-time personnel in the state workforce rose by 1,565 employees, as can be seen in Figure 4.4. The number of full-time vacant positions showed an increase of 2,696 (71%) during the same time period. Appendix A shows a more detailed accounting for all position types for each branch of government, as well as for the different cabinets.

The number of permanent employees decreased during the window but has recently increased. The state workforce of permanent employees (full- and part-time) decreased by 965 (2.5%) during the two quarters the window was in effect. Department of Personnel records showed a total number of 38,601 state employees in permanent full-time and permanent part-time categories on July 1, 1988 (the month just prior to the ERIP), compared to 37,636 employees on December 1, 1988 (the month just after the ERIP). Table 4.4 shows the change in permanent full-time and permanent part-time personnel within each branch of government during the window. Although the number of permanent full- and permanent part-time employees actually decreased during the window, it has increased by 3.9% since that time. The total number in those two categories, as of September 1989, is 39,094 employees.

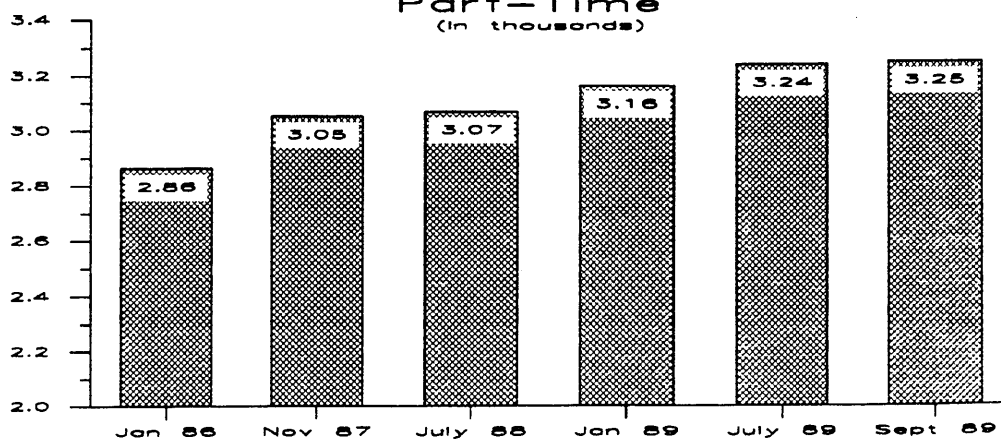
INSERT FIGURE 4.6 - Statewide Permanent Positions

STATEWIDE PERMANENT POSITIONS 1986 - 1989

Full-Time & Full-Time Vacant (in thousands)



Part-Time (in thousands)



Source: KY. Department of Personnel

TABLE 4.4

**Change in Numbers of Permanent Employees
Prior to and After ERIP Window**

Legislative Date	Judicial Total	Executive* Total	Statewide Total	Total
July 1988	249	2,334	36,018	38,601
December 1988	258	2,336	35,042	37,636
Percent change	3.6%	.08%	-2.7%	-2.5%

*Executive Branches including Constitutional Officers, Boards and Commissions.

Source: Kentucky Department of Personnel

922 Net Positions Created Since November 1988

State agencies are continually abolishing and creating personnel positions. Table 4.5 shows the number of positions abolished and established for each branch of government since November 1, 1988. Appendix B provides similar statistics for each Cabinet. Personnel records show that, despite the elimination of 3,295 positions, 4,217 positions have been created since the early retirement window. Thus, the state workforce has experienced a net increase of 922 positions since November 1, 1988.

TABLE 4.5

**Numbers of Positions Abolished/Established
Since November 1, 1988**

Branch	Abolished	Established	Difference
Legislative	20	43	+ 23
Judicial	0	2	+ 2
Executive*	3,275	4,172	+ 897
Statewide	3,295	4,217	+ 922

* Executive Branch including Constitutional Officers, Boards and Commissions.

Source: Kentucky Department of Personnel

CHAPTER V

AGENCY AND RETIREE PROBLEMS

This chapter examines some of the problems experienced by agencies and retirees during the implementation of the Early Retirement Incentive Program (ERIP). Problems were identified by open-ended questions on two surveys mailed to agencies and retirees, respectively. Other difficulties arising from the administration of the early retirement program were delineated in a letter from a top official in the Kentucky Retirement Systems (KRS).

Problems Encountered by Agencies

To identify the nature of any problems associated with the implementation of ERIP, the Program Review staff surveyed agency and department officials who had employees retire under the early retirement program. In the final section of the questionnaire, agency officials were asked the open-ended question, "Did you experience any problems or difficulties with the implementation of ERIP?" Next, the officials were asked, "Do you have any suggestions for implementing the ERIP in the future?"

Agency Officials Point to Budgetary Difficulties with the ERIP

Of the 71 officials who completed the survey, 20 described problems experienced during the implementation of the early retirement program. Thirteen of the twenty officials mentioned budgetary difficulties with the program. The general perception of these respondents was that agencies were not notified of ERIP far enough in advance to allow for costs to be placed in agency budgets. Consequently, several officials reported that it was necessary to hold positions vacant or make cutbacks in operating expenses. Seven of the twenty respondents who answered this question alluded to staffing problems arising from the ERIP. These officials either mentioned the difficulty of coping with a hiring freeze on "essential positions" or reported problems in recruiting competent new employees.

Agency Officials Favor Placing the Cost of ERIP in Agency Budgets

Thirty-four agency officials offered suggestions on how to improve the implementation of any future early retirement programs. Twenty-one of the respondents suggested improvements in the funding of ERIPs. These officials either explicitly stated that agencies should be allowed to place funding for the ERIP in the agency budget, or implied this by saying that enough advance notice should

be given to allow for budget considerations. One agency head suggested that the costs of future ERIPs should be paid from excess funds in the retirement systems. Another respondent felt that agencies should be allowed more than one fiscal year to pay for the costs of the program.

Four officials offered suggestions concerning the timing of future early retirement windows. Two agency heads said that the window date should be early in the fiscal year, to ensure savings during the current year. One of these officials further recommended that the time frame for choosing to participate should be shortened. Consequently, the effects on budgets and staffing could be determined more accurately and essential positions could be refilled. Another official suggested that the timing of the early retirement window should be established with consideration for the individual retiree's social security and tax planning purposes. A fourth agency head recommended that the ERIP not have 4 target dates. Possibly two target dates would be adequate, if a longer period of time was established between the effective date and the target date.

Finally, two officials offered recommendations on how to prepare and inform state workers about future ERIPs. One agency head said that a one-on-one presentation to eligible personnel should be given by a KERS representative. Another official stressed that agency directors should be given detailed information about the overall early retirement plan.

Problems Encountered by KRS

To understand the problems encountered by KRS during the implementation of the early retirement program, Program Review staff asked the Interim General Manager of KRS to draft a letter addressing several key aspects of the program. An initial problem facing KRS was its ability to generate estimates of retirement benefits within the statutory deadline. Pursuant to KRS 61.590 (2), KRS was required to generate an estimate of the amounts the member or beneficiary could expect to receive within ten days of the receipt of the notification of retirement form. KRS officials, however, found that this statutory deadline was not feasible. The large number of retirements and other requests made it impossible to meet this statutory requirement.

The Process of Billing Agencies Created Some Problems for KRS

KRS experienced some difficulties in billing agencies upon the last day of the month in which the member worked. There were two basic reasons why

it was not possible to meet this statutory requirement: the retiree could apply for retirement on the last day of the month; and the employee retained the right to cancel his retirement plans before the first check or September 30. An additional problem was that several agencies initially refused to submit their payments. Some of these agencies claimed that they were not informed of their obligations. Others simply stated that they were not able to meet the costs of ERIP because funds were not budgeted. Ultimately, however, all payments were received without taking administrative or legal action.

KRS' Greatest Problem Was the Vast Workload Generated by ERIP

According to the KRS Interim General Manager:

Between April and September, the retirement office received more than 112,000 telephone calls and had more than 5,500 office visitors seeking counseling. This is the equivalent to the entire workload of the previous year.

KRS records indicate that employees requested 8,071 estimates on early retirement benefits between April and October. This additional workload occurred during a time when KRS received 11,000 non-ERIP estimate requests.

To meet the workload the retirement office accrued a total of 11,005.5 hours of overtime between April 1st and December 15th. The additional costs associated with total overtime hours was \$45,757, as of December 31, 1988. Since most employees still have balances in excess of 100 hours of compensatory time, the total costs associated with the ERIP workload have not been fully realized.

Problems Encountered by the Retirees

A survey of all early retirees conducted by Program Review staff revealed that only 95 (5.6%) of the 1,711 respondents had any problems with the implementation of the window. These 95 respondents identified a total of 114 individual problems with the retirement process. Table 5.1 shows five broad categories that encompassed the retirees' problems. Some of the specific responses to the survey will help explain the above categories.

TABLE 5.1**Problems Retirees Encountered**

Problem	KRS	Agency	Unspecified	Total
Uninformed personnel	3	11	25	37
Insurance	2	0	20	22
Delays in paperwork	7	2	13	22
Lack of information	12	1	2	15
Miscellaneous	1	12	3	16
Total	25	26	63	114

Thirty-Seven Retirees Complained That “Uninformed Personnel” Furnished Them with Faulty Information

Retirees reported that erroneous information was provided on: the calculation of service credits; the awarding of pay for annual and compensatory time earned; and the effects of retirement on Social Security benefits, insurance coverage, and taxes. Retirees also stated that conflicting information was provided from KRS and their own agency personnel. When asked if they had any suggestions for a future early retirement plan, 96 respondents suggested that better information could be provided on the above issues.

Thirty Retirees Claimed Some Problem with Insurance Coverage

The second broad category of problems, “insurance”, resulted in hardships for several retirees’ families. For instance, the spouse of one retiree did not find out that their insurance had changed until her husband was hospitalized. She later discovered that he was no longer covered. One cannot assume, however, that these problems were caused by ERIP. Insurance policies of individual carriers are often subject to change when one retires. Of the respondents who made suggestions, 73 said “improving insurance coverage” or “explaining it better” would improve the ERIP.

Delays in Paperwork Accounted for the Third Type of Problem Experienced by Retirees

Of the twenty-six retirees who had difficulties with the paperwork, thirteen claimed that their benefits were miscalculated and thirteen stated that the processing of forms was slow. One respondent mentioned filing the same form three times before there was an acknowledgment that it had been received. However, the twenty-six retirees who reported problems with paperwork represent only 1.4% of the total number of retirees.

Fifteen Respondents Reported Trouble with a Lack of Information About ERIP

Nine respondents complained about a lack of access to information, and three about delays in receiving information. In space provided on the survey, 49 respondents stated that improvements in the seminars, or accessibility to information would be beneficial to a future window plan.

In conclusion, few retirees complained about the implementation of ERIP. In view of the high response rate to the survey, it appears that relatively few problems were encountered by retirees during the the early retirement window.

CHAPTER VI

CONSIDERATIONS FOR FUTURE EARLY RETIREMENT INCENTIVE PLANS

In the event that another early retirement incentive plan is proposed, policy makers need to have a clear picture of its potential impacts on state employees, agencies, and government as a whole. This chapter outlines objectives and raises questions which are important to estimating the impact of any early retirement proposal.

Objective 1: Determine the make-up of the workforce likely to participate in the proposed plan.

- Who exactly is eligible to participate in the proposed ERIP? How many eligible employees are likely to participate in the proposed plan in each agency? How long have they worked for the state?
- On average, by how many years are these individuals expected to shorten their career in order to participate in the proposed plan? How many participants will end up prolonging their careers in order to reach the window of the proposed plan?

Objective 2: Accurately estimate the proposal's costs and savings beforehand.

- What agencies are likely to be affected by the proposed ERIP? What will be their buy-out costs? What are their expected initial leave and compensation costs? How will initial costs be funded?
- Are there any restrictions on refilling positions vacated by participants in the plan? Which of those positions to be vacated by participants are likely to be refilled? Are these positions essential for maintaining agencies' service levels? What are the costs of refilling these positions and any positions left vacant as a result of shuffling personnel to fill the spots of the early retirees?
- Which responsibilities of these early retirees are likely to be transferred to other agency personnel? Will anyone be hired or receive pay raises to assume the responsibilities of these retirees or other personnel down the line?

- How will the loss of employees affect agency performance? Can qualified replacements be found easily? What will be the costs of recruitment, training and new salaries?
- Taking into account the costs associated with both refilling positions and transferring responsibilities, how much net salary and benefit savings will agencies receive because participants of the plan retired early? How much in costs will agencies incur because some participants of the plan prolonged their career to reach the incentive plan's window?
- What will be the impact on the solvency of the retirement system and the impact on health insurance costs for the state and the retirement system?

Objective 3: Analyze the relationship between the proposed ERIP and other previous ERIPs that affect the same retirement system.

- How do the costs and benefits compare between the proposed plan and the previous ERIPs? Do the goals differ between the plans?
- Will another plan establish a precedent whereby employees come to expect that early retirement incentive plans will be instituted regularly? How many employees eligible under the proposed plan will forgo participation because they assume that another ERIP will be offered soon?
- Has sufficient time elapsed between plans to create a large enough pool of retirees for the proposed plan? Will the proposed plan reduce the impact of the earlier plan?

Objective 4: Ensure that the optimum number of eligible employees participate in the proposed plan.

- Do all participating agencies have enough staff, time, and resources to respond to all the eligible employees? Will these employees have enough information and time to make an informed decision concerning whether to participate in the plan?

Objective 5: Set up the means to best implement and monitor the proposed plan.

- Do the administering officials in all the participating agencies have sufficient staff, time, and resources to estimate the proposed plan's costs and savings outlined in Objective 3?
- Are sufficient staff, time, and resources available in the agencies and the affected retirement system to process the increased number of retirees?
- Who will be responsible for tracking the impacts of the proposed ERIP? Are there sufficient staff, time, and resources to track all the costs and savings?
- If there are no restrictions on refilling positions vacated by the early retirees, does the proposed plan include provisions for the costs of the program to be borne by the employer, with cost savings certified prior to the implementation of the ERIP? Exactly where do all these cost savings go?

APPENDICES

**Number of Positions, by Type
All Branchs and Cabinets**

Agency	Permanent Full-Time 9/1/89	Permanent Full-Time 7/1/89	Permanent Full-Time 6/1/89	Permanent Full-Time 1/1/89	Permanent Full-Time 12/1/88	Permanent Full-Time 7/1/88	Permanent Full-Time 11/1/87	Permanent Full-Time 1/1/86
Legislative Branch	223	219	219	217	218	216	221	219
Judicial Branch	2,100	2,104	2,097	2,088	2,082	2,088	2,085	1,980
Executive Branch	33,523	32,992	32,878	32,331	32,188	33,228	33,372	32,466
Statewide Totals	35,846	35,315	35,194	34,636	34,488	35,532	35,678	34,665
Revenue Cabinet	981	970	964	925	915	944	945	912
General Government Cab.	1,776	1,783	1,760	1,755	1,745	1,784	1,761	1,396
Justice Cabinet	1,679	1,639	1,637	1,623	1,619	1,676	1,696	1,646
Ed. & Humanities Cab	3,767	3,775	3,781	3,756	3,744	3,804	3,844	3,646
Natural Resources Cab.	1,253	1,245	1,243	1,209	1,204	1,208	1,238	1,178
Transportation Cab.	6,126	5,955	5,956	5,920	5,926	6,522	6,702	6,595
Commerce Cabinet	122	122	121	121	122	130	134	400
Pub. Protection/Reg. Cab.	883	868	875	856	851	879	887	845
Human Resources Cab.	11,166	11,055	10,968	10,805	10,755	10,867	10,852	10,624
Finance & Admin. Cab.	1,269	1,257	1,253	1,230	1,228	1,273	1,284	1,361
Energy Cabinet	0	0	22	21	21	31	37	41
Corrections Cabinet	2,635	2,471	2,450	2,306	2,261	2,242	2,126	2,005
Tourism Cabinet	1,479	1,467	1,471	1,441	1,431	1,479	1,509	1,454
Labor Cabinet	387	385	377	363	366	389	357	363

Agency	Permanent F-T Vacant 9/1/89	Permanent F-T Vacant 7/1/89	Permanent F-T Vacant 6/1/89	Permanent F-T Vacant 1/1/89	Permanent F-T Vacant 12/1/88	Permanent F-T Vacant 7/1/88	Permanent F-T Vacant 11/1/87	Permanent F-T Vacant 1/1/86
Legislative Branch	33	32	30	30	30	17	35	19
Judicial Branch	2	2	2	2	2	1	1	1
Executive Branch	6,442	6,912	7,055	7,131	7,131	5,523	4,811	3,761
Statewide Totals	6,477	6,946	7,087	7,163	7,163	5,541	4,847	3,781
Revenue Cabinet	251	247	248	258	258	207	122	130
General Government Cab.	430	432	438	437	437	359	283	179
Justice Cabinet	272	317	325	329	329	261	234	221
Ed. & Humanities Cab	307	291	350	381	381	402	323	222
Natural Resources Cab.	210	222	241	238	238	194	158	105
Transportation Cab.	2,024	2,399	2,420	2,399	2,399	1,663	1,354	909
Commerce Cabinet	46	51	45	44	44	34	30	53
Pub. Protection/Reg. Cab.	140	141	159	159	159	124	109	86
Human Resources Cab.	1,863	1,971	1,911	1,924	1,924	1,541	1,470	1,364
Finance & Admin. Cab.	380	405	416	415	415	330	308	167
Energy Cabinet	0	3	4	4	4	2	17	13
Corrections Cabinet	341	229	229	268	268	201	181	103
Tourism Cabinet	138	164	218	227	227	174	186	177
Labor Cabinet	40	40	51	48	48	31	36	32

Agency	Permanent Part-Time 9/1/89	Permanent Part-Time 7/1/89	Permanent Part-Time 6/1/89	Permanent Part-Time 1/1/89	Permanent Part-Time 12/1/88	Permanent Part-Time 7/1/88	Permanent Part-Time 11/1/87	Permanent Part-Time 1/1/86
Legislative Branch	50	52	54	44	40	33	31	18
Judicial Branch	240	237	238	250	254	246	246	226
Executive Branch	2,958	2,950	2,962	2,869	2,854	2,790	2,776	2,620
Statewide Totals	3,248	3,239	3,254	3,163	3,148	3,069	3,053	2,864
Revenue Cabinet	3	3	3	3	3	3	3	4
General Government Cab.	501	480	478	463	456	445	443	430
Justice Cabinet	4	4	4	6	6	4	4	3
Ed. & Humanities Cab	1,454	1,459	1,460	1,450	1,449	1,432	1,406	1,357
Natural Resources Cab.	33	33	33	27	25	25	25	25
Transportation Cab.	43	44	49	46	46	48	49	43
Commerce Cabinet	0	0	0	0	0	0	0	10
Pub. Protection/Reg. Cab.	13	14	14	15	15	15	12	11
Human Resources Cab.	516	517	520	481	475	421	424	474
Finance & Admin. Cab.	85	88	88	84	82	93	94	13
Energy Cabinet	0	0	1	2	2	6	7	5
Corrections Cabinet	16	19	24	20	20	21	19	11
Tourism Cabinet	289	287	286	268	271	274	272	214
Labor Cabinet	1	2	2	4	4	3	18	20

Agency	Temporary Full-Time 9/1/89	Temporary Full-Time 7/1/89	Temporary Full-Time 6/1/89	Temporary Full-Time 1/1/89	Temporary Full-Time 12/1/88	Temporary Full-Time 7/1/88	Temporary Full-Time 11/1/87	Temporary Full-Time 1/1/86
Legislative Branch	1	1	1	1	1	1	1	3
Judicial Branch	41	79	47	22	36	70	0	22
Executive Branch	117	170	157	360	256	134	16	129
Statewide Totals	159	250	205	383	293	205	179	154
Revenue Cabinet	0	2	1	1	0	0	0	0
General Government Cab.	12	11	7	13	10	4	9	2
Justice Cabinet	10	9	10	5	7	1	4	0
Ed. & Humanities Cab	8	9	10	7	8	4	17	17
Natural Resources Cab.	0	3	3	8	8	4	0	3
Transportation Cab.	45	65	72	305	205	106	80	50
Commerce Cabinet	0	1	1	0	0	0	0	1
Pub. Protection/Reg. Cab.	2	3	2	1	1	0	2	4
Human Resources Cab.	26	51	38	10	10	4	42	30
Finance & Admin. Cab.	5	9	1	1	1	8	1	10
Energy Cabinet	0	0	0	0	0	0	0	0
Corrections Cabinet	6	2	2	5	6	2	5	9
Tourism Cabinet	3	1	1	2	0	1	3	1
Labor Cabinet	0	4	9	2	0	0	0	2

Agency	Temporary Part-Time 9/1/89	Temporary Part-Time 7/1/89	Temporary Part-Time 6/1/89	Temporary Part-Time 1/1/89	Temporary Part-Time 12/1/88	Temporary Part-Time 7/1/88	Temporary Part-Time 11/1/87	Temporary Part-Time 1/1/86
Legislative Branch	8	7	7	6	6	4	7	2
Judicial Branch	18	18	14	13	15	19	6	19
Executive Branch	18	22	24	28	23	22	30	26
Statewide Totals	44	47	45	47	44	45	43	47
Revenue Cabinet	0	0	0	0	0	0	0	0
General Government Cab.	2	4	3	4	3	1	3	1
Justice Cabinet	0	0	0	0	0	0	1	0
Ed. & Humanities Cab	3	3	4	8	3	13	16	4
Natural Resources Cab.	0	0	0	2	1	0	0	4
Transportation Cab.	4	5	6	6	6	2	3	1
Commerce Cabinet	0	0	0	0	0	0	0	0
Pub. Protection/Reg. Cab.	2	1	1	0	0	0	0	0
Human Resources Cab.	4	7	7	1	3	0	7	3
Finance & Admin. Cab.	1	0	0	4	3	0	0	15
Energy Cabinet	0	0	0	0	0	0	0	0
Corrections Cabinet	2	1	1	0	1	1	0	0
Tourism Cabinet	0	1	2	3	3	5	0	1
Labor Cabinet	0	0	0	0	0	0	0	0

Agency	Seasonal Full-Time 9/1/89	Seasonal Full-Time 7/1/89	Seasonal Full-Time 6/1/89	Seasonal Full-Time 1/1/89	Seasonal Full-Time 12/1/88	Seasonal Full-Time 7/1/88	Seasonal Full-Time 11/1/87	Seasonal Full-Time 1/1/86
Legislative Branch	0	0	0	0	0	0	0	0
Judicial Branch	0	0	0	0	0	0	0	0
Executive Branch	2,355	2,784	1,791	629	1,017	2,579	1,603	856
Statewide Totals	2,355	2,784	1,791	629	1,017	2,579	1,603	856
Revenue Cabinet	24	33	27	11	11	30	25	2
General Government Cab.	76	114	70	49	50	107	34	8
Justice Cabinet	7	22	15	2	1	8	0	1
Ed. & Humanities Cab	27	61	18	10	12	41	15	7
Natural Resources Cab.	31	66	36	13	14	44	14	8
Transportation Cab.	321	265	187	336	328	211	217	352
Commerce Cabinet	2	6	1	0	0	2	0	6
Pub. Protection/Reg. Cab.	26	45	20	10	7	28	9	10
Human Resources Cab.	272	400	111	48	41	385	366	144
Finance & Admin. Cab.	35	68	33	17	15	58	44	12
Energy Cabinet	0	0	0	0	0	0	0	0
Corrections Cabinet	13	21	11	16	15	15	13	6
Tourism Cabinet	1,510	1,667	1,260	113	519	1,638	864	298
Labor Cabinet	11	16	2	4	4	12	2	2

Agency	Seasonal Part-Time 9/1/89	Seasonal Part-Time 7/1/89	Seasonal Part-Time 6/1/89	Seasonal Part-Time 1/1/89	Seasonal Part-Time 12/1/88	Seasonal Part-Time 7/1/88	Seasonal Part-Time 1/1/87	Seasonal Part-Time 1/1/86
Legislative Branch	7	6	3	1	1	1	0	0
Judicial Branch	0	0	0	0	0	0	0	0
Executive Branch	305	351	390	326	318	219	335	233
Statewide Totals	312	357	393	327	319	220	335	233
Revenue Cabinet	35	53	64	25	16	40	9	19
General Government Cab.	22	19	18	27	27	16	29	4
Justice Cabinet	7	9	9	7	7	7	6	8
Ed. & Humanities Cab	46	67	74	43	38	44	46	38
Natural Resources Cab.	60	64	59	25	25	17	24	14
Transportation Cab.	0	0	6	76	77	0	61	49
Commerce Cabinet	1	2	2	0	0	0	0	2
Pub. Protection/Reg. Cab.	22	19	22	19	19	15	23	21
Human Resources Cab.	18	25	27	14	12	13	37	11
Finance & Admin. Cab.	11	9	18	15	16	4	22	10
Energy Cabinet	0	0	0	0	0	0	1	2
Corrections Cabinet	6	11	27	28	28	4	20	20
Tourism Cabinet	61	53	46	28	33	41	36	16
Labor Cabinet	16	20	18	19	20	18	21	19

Agency	A11 Emer 9/1/89	A11 Emer 7/1/89	A11 Emer 6/1/89	A11 Emer 1/1/89	A11 Emer 12/1/88	A11 Emer 7/1/88	A11 Emer 11/1/87	A11 Emer 1/1/86
Legislative Branch	0	0	0	0	0	0	0	0
Judicial Branch	0	0	0	0	0	0	0	0
Executive Branch	16	6	2	7	6	3	11	11
Statewide Totals	16	6	2	7	6	3	11	11
Revenue Cabinet	1	0	0	0	0	0	0	0
General Government Cab.	0	0	0	0	0	0	0	0
Justice Cabinet	0	0	0	0	0	0	0	1
Ed. & Humanities Cab	8	1	2	1	2	1	10	3
Natural Resources Cab.	0	0	0	0	0	0	0	0
Transportation Cab.	1	0	0	0	0	0	0	0
Commerce Cabinet	0	0	0	0	0	0	0	1
Pub. Protection/Reg. Cab.	0	1	0	1	1	0	0	0
Human Resources Cab.	0	0	0	0	0	0	0	0
Finance & Admin. Cab.	0	0	0	0	0	1	0	0
Energy Cabinet	0	0	0	0	0	0	0	0
Corrections Cabinet	0	0	0	0	0	0	1	1
Tourism Cabinet	0	0	0	3	2	1	0	0
Labor Cabinet	6	4	0	2	1	0	0	4

Agency	A11 FFTL- 9/1/89	A11 FFTL 7/1/89	A11 FFTL 6/1/89	ALL FFTL 1/1/89	A11 FFTL 12/1/88	A11 FFTL 7/1/88	A11 FFTL 11/1/87	A11 FFTL 1/1/86
Legislative Branch	0	0	0	0	0	0	0	0
Judicial Branch	0	0	0	0	0	0	0	0
Executive Branch	645	641	630	556	553	524	492	503
Statewide Totals	645	641	630	556	553	524	492	503
Revenue Cabinet	0	0	0	0	0	0	0	0
General Government Cab.	48	43	44	25	22	24	27	7
Justice Cabinet	8	8	6	4	3	3	3	1
Ed. & Humanities Cab	127	130	125	111	112	120	158	176
Natural Resources Cab.	142	148	141	149	152	131	64	76
Transportation Cab.	0	0	0	0	0	0	0	0
Commerce Cabinet	1	1	0	2	2	2	1	9
Pub. Protection/Reg. Cab.	25	28	24	21	22	24	20	10
Human Resources Cab.	269	256	260	216	211	194	194	204
Finance & Admin. Cab.	0	0	0	1	1	1	0	1
Energy Cabinet	0	0	4	3	4	3	3	5
Corrections Cabinet	7	7	7	6	7	6	6	14
Tourism Cabinet	18	20	19	18	17	16	16	0
Labor Cabinet	0	0	0	0	0	0	0	0

Agency	Department Total 9/1/89	Department Total 7/1/89	Department Total 6/1/89	Department Total 1/1/89	Department Total 12/1/88	Department Total 7/1/88	Department Total 11/1/87	Department Total 1/1/86
Legislative Branch	322	317	316	299	296	272	297	258
Judicial Branch	2,401	2,440	2,398	2,375	2,389	2,424	2,360	2,242
Executive Branch	46,379	47,043	45,746	44,161	44,346	45,022	43,559	40,639
Statewide Totals	49,102	49,800	48,460	46,835	47,031	47,718	46,216	43,139
Revenue Cabinet	1,296	1,311	1,306	1,213	1,203	1,224	1,104	1,067
General Government Cab.	2,867	2,866	2,812	2,774	2,750	2,740	2,582	2,035
Justice Cabinet	1,987	2,009	1,998	1,972	1,972	1,960	1,944	1,885
Ed. & Humanities Cab.	5,747	5,812	5,765	5,736	5,749	5,861	5,835	5,470
Natural Resources Cab.	1,729	1,789	1,737	1,674	1,667	1,623	1,526	1,407
Transportation Cab.	8,564	8,759	8,675	9,109	8,987	8,552	8,436	8,029
Commerce Cabinet	172	186	176	168	168	168	166	481
Pub. Protection/Reg. Cab.	1,113	1,137	1,099	1,082	1,075	1,085	1,064	985
Human Resources Cab.	14,134	14,166	13,902	13,486	13,431	13,425	13,380	12,866
Finance & Admin. Cab.	1,786	1,827	1,798	1,768	1,761	1,768	1,762	1,580
Energy Cabinet	0	0	30	30	31	42	65	66
Corrections Cabinet	3,026	3,043	2,751	2,610	2,606	2,492	2,375	2,165
Tourism Cabinet	3,498	3,670	3,249	2,094	2,503	3,629	2,884	2,163
Labor Cabinet	461	468	448	445	443	453	436	440

SYSAS.K082020.pernumbs
Total Employees: 3 Branchs

Agency	Permanent Total 9/1/89	Permanent Total 7/1/89	Permanent Total 6/1/89	Permanent Total 1/1/89	Permanent Total 12/1/88	Permanent Total 7/1/88	Permanent Total 11/1/87	Permanent Total 1/1/86
Legislative Branch	306	303	305	291	288	266	287	256
Judicial Branch	2,342	2,343	2,337	2,340	2,338	2,335	2,332	2,207
Executive Branch	42,923	43,069	42,752	42,255	42,173	41,541	40,959	38,847
Statewide Totals	45,571	45,715	45,394	44,886	44,799	44,142	43,578	41,310
Revenue Cabinet	981	1,223	1,214	1,176	1,176	1,154	1,070	1,046
General Government Cab.	1,776	2,675	2,670	2,656	2,638	2,588	2,487	2,005
Justice Cabinet	1,679	1,961	1,958	1,954	1,954	1,941	1,934	1,870
Ed. & Humanities Cab	3,767	5,541	5,532	5,556	5,574	5,638	5,573	5,225
Natural Resources Cab.	1,253	1,508	1,498	1,477	1,467	1,427	1,421	1,308
Transportation Cab.	6,126	8,424	8,404	8,386	8,371	8,233	8,105	7,547
Commerce Cabinet	122	176	172	166	166	164	164	463
Pub. Protection/Reg. Cab.	883	1,040	1,030	1,030	1,025	1,018	1,008	942
Human Resources Cab.	11,166	13,427	13,459	13,197	13,154	12,829	12,746	12,462
Finance & Admin. Cab.	1,269	1,741	1,746	1,730	1,725	1,696	1,686	1,541
Energy Cabinet	0	0	26	27	27	39	61	59
Corrections Cabinet	2,635	3,001	2,703	2,555	2,549	2,464	2,326	2,119
Tourism Cabinet	1,479	1,928	1,921	1,927	1,929	1,927	1,967	1,845
Labor Cabinet	387	424	419	418	418	423	411	415

APPENDIX B

Positions Abolished/Created Since ERIP

Branch/Agency	Abolished	Established	Total +/-
Legislative	20	43	23
Judicial	0	2	2
Executive	3,275	4,172	897
Statewide	3,295	4,217	922
Revenue	122	203	81
General Government	245	302	57
Justice	105	114	9
Ed. & Humanities	343	375	32
Natural Resources	126	138	12
Transportation	802	659	-143
Commerce	24	36	12
Public Protection	70	85	15
Human Resources	945	1,321	376
Finance	175	196	21
Energy	11	1	-10
Corrections	82	529	447
Tourism	157	136	-21
Labor	68	77	9
Executive Total	3,275	4,172	897

Source: Kentucky Department of Personnel

APPENDIX C

Number of Retirees by Agency

Cabinet	Department	No. of Retirees	
Legis.	LRC	7	
	Gen. Assembly	2	
Revenue	Ppty. Tax	2	
	Proc. and Enf.	48	
	Prof. and Suppt.	7	
	Prop. Val. Adm.	30	
Gen. Gov	Un. Pros. Sys.	6	
	Agriculture	15	
	Atty. General	10	
	Gov. Office	1	
	Mil. Affairs	8	
	Retire. Sys.	1	
	Local Govt.	3	
	Sec. State	1	
	State Treas.	4	
	Bd. Barber	2	
	Bd. Hair/Cosm.	2	
	Bd. Elections	1	
	Bd. Pharmacy	1	
	Hu. Rts. Comm	2	
	Gov. OPM	2	
	Pers. Dept.	9	
	Justice	Secretary	1
		St. Police (Ky)	30
		St. Police (SPRS)	93
		St. Police-Arson	1
Judicial	Ad. Off. of Cts.	43	
	Jud. Retire.	1	
Corrections	Adm. Ser.	3	
	Comm. Ser. (2830)	3	
	Comm. Ser. (8-30)	7	
	Corr. Train.	2	
	Adult Inst.	46	
Ed. and Hum.	Dept. of Blind	6	
	Dept. of Ed.	52	
	KET	2	
	Libraries/Archives	6	
	Teachers Retire. Sys.	2	
Tourism	Fair Bd.	6	
	Fish and Wildlife	26	
	Ky. Horse Park	2	
	Dept. of Parks	34	
	Travel Devel.	7	
	Dept. of Parks-Rangers	2	

Nat. Res.	Office of Sec.	1
	Environ. Protect.	11
	Natural Resources	19
	Surface Mining R & E	6
	Energy Product & Util.	2
	Water Patrol Div.	2
Labor	Office of Sec.	4
	Workplace Stand.	9
	Workers Claims	4
Trans.	Office of Sec.	8
	Gen. Counsel	4
	Ad. Services	19
	Fiscal Mgt.	25
	Highways	503
	Rural Aid	5
	Vehicle Reg.	13
Commerce	Office of Secretary	2
	Dept. Economic Dev.	7
	Dept. of Arts	2
Pub. Prot.	Election Finance Registry	2
	Crime Victims Comp.	2
	Public Service Comm.	5
	Racing Commission	1
	Ky. Housing Corp.	2
	Alcoholic Bev. Control	6
	Dept. Financial Inst.	5
	Dept. Housing	7
	Dept. Insurance	3
	Dept. of Mines & Minerals	10
Human Res.	Office of Secretary	1
	Personnel Mgmt.	2
	Comm & Council	1
	Administrative Services	18
	General Counsel	3
	Office Inspector General	13
	Policy & Budget	2
	Office Ombudsman	6
	Mental Health Service	125
	CON Authority	4
	Health Services	41
	Comm. Handicapped Children	7
	Manpower Services	73
	Social Insurance	73
	Medicaid Services	12
	Social Services	71
Finance	Office of Secretary	2
	Mgmt. Services	1
	State Office for S.S.	1
	Administration	19
	Office for Govt. Services	2
	Facilities Mgmt.	33
	DIS	13

Health Dept.	Lex.-Fayette Cty.	2
	Lake Cumberland Dist.	1
	Northern Ky. Dist.	3
	Barren River Dist.	3
	Green River Dist.	4
	Lincoln Trail Dist.	3
	Purchase Dist.	6
	West Bluegrass Dist.	1
	Cumberland Valley Dist.	8
	Fivco Dist.	1
	Ky. River Dist.	1
	Gateway Dist.	2
	Pike County	1
	Martin County	1
	Buffalo Trace	2
	Little Sandy Dist.	1
	No. Central Dist.	2
	Pennyrile Dist.	2
	E. Pennyrile Dist.	2
	Greenup County	1
	Whitley County	2
	Knox County	1
	Three Rivers County	2
	Fleming County	1
	Jessamine County	2
	Allen County	1
	Franklin County	1
	Woodford County	1
Mental Hlth.	Seven Co. Services	1
	Northern Ky Reg. MHMR Bd.	2
	Communicare Inc.	2
	Bluegrass Reg. MHMR Bd.	2
	Pennyroyal Reg. MHMR Bd.	2
	Comprehend Inc. Reg. MHMR Bd.	1
	Barren River MHMR Bd.	1
Miscell.	Interstate Mining Compact	1
	Jeff Circuit Court Comm.	1
Universities	Eastern Ky.	6
	Ky. St.	4
	Morehead St.	14
	Murray St.	9
	Northern Ky.	2
	Western Ky.	19
TOTAL		1,876

